



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
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HEALTH INSURANCE FOR RETIREES - COST AND FUNDING

Do retired teachers and their spouses have health insurance benefits through the Connecticut Teachers' Retirement System (CTRS)?

Retired teachers and spouses who are participating in Medicare Part A (Hospital Insurance) may enroll in a Medicare Supplement plan offered by CTRS. Retired teachers and spouses who are not participating in Medicare Part A are eligible to continue their health insurance benefits through their last employing board of education.

Is there any cost to the retiree/spouse?

The retiree/spouse enrolled in the CTRS plan pays twenty-five percent of the monthly premium costs of the basic plan and the full cost for any additional benefits (Dental or Dental, Vision and Hearing riders).

What is the current monthly cost for an individual enrolled in the CTRS plan?

The basic plan includes hospital, medical, major medical and prescription drugs costs. Effective January 1, 2004, the basic plan is \$51.00 monthly, the basic plan with dental coverage is \$84.00 monthly and the basic plan with dental, vision and hearing coverage is \$88.00 monthly.

What coverage is offered to retired members/spouses, not enrolled in Medicare Part A, who are covered by their last employing board of education?

Retired teachers and spouses must be offered the same health insurance plans that are available to active teachers.

Is there a cost for this coverage?

Very few school boards pay any of the cost for health insurance coverage for retirees or their spouses. In most cases, the retiree and spouse must pay the full premium costs charged by the insurance company for the type of coverage held.

Does CTRS provide any form of subsidization to offset the premium costs for retirees and spouses enrolled in local school district plans?

Yes. CTRS provides a monthly subsidy of up to \$110.00 for the retired member plus an additional \$110.00 monthly for a spouse enrolled in the local school district plan.

How is this amount determined?

The amount is set by state statute (C.G.S. 10-183t).

When did it last change?

The monthly amount was increased from \$105.00 to \$110.00 in July 1996. It is frozen, by law, at its current level of \$110.00.

Do local school districts contribute toward the funding of health benefits for retirees?

No. Local school districts do not contribute toward the funding of health insurance benefits for retirees.

Where do the funds come from to provide these benefits?

Funding of health insurance benefits for retirees comes from four sources - (1) active teachers contribute 1% of their annual salary to the Health Insurance Premium Account, (2) retired teachers pay monthly premiums, (3) an annual appropriation from the State, and (4) investment income. For fiscal year 2002-2003, active teachers accounted for 58.9% of the total revenue, retired teachers 16.5%, the State 24.2% and investment income .4%.

How many participants are covered by health insurance through CTRS and local school district plans?

As of June 30, 2003, there were 11,300 participants in the CTRS plan and 15,148 participants in local school district plans.

Is the Health Insurance Premium Account (HIPA) adequately funded to meet current and future obligations?

CTRS has taken the lead to insure the solvency of the Health Insurance Premium account by instituting plan design changes in the prescription drug program, increasing deductibles and co-payments and obtaining additional state funding. During the 2003 session of the General Assembly, legislation was enacted that will increase the active teacher contribution rate from 1% to 1.25% effective July 1, 2004. In addition, beginning July 1, 2005, retired teachers, the state and the Health Insurance Premium Account will equally pay one-third of the costs for the basic health insurance plan offered through CTRS. Currently, retired teachers and the state each pay 25% of the cost, with the remaining 50% paid from the Health Insurance Premium Account. These steps are expected to insure the solvency of HIPA well into the next decade.